# SAN FRANCISCO COUNTY ECONOMIC FORECAST

During most of the current business cycle, the San Francisco County economy created jobs at an incredibly rapid rate, but growth is now slowing. In 2017 the county gained 15,300 jobs, representing a growth rate of 2.2 percent. By comparison, statewide growth was observed at 2.0 percent.

The San Francisco County unemployment rate was exceptionally low in 2017, falling to 2.9 percent, which is near its lowest sustainable level. The economy has now reached a "full employment" scenario, meaning that almost everyone who wants a job already has a job. Under these conditions, firms can only increase their employee headcounts by recruiting workers from other companies, recruiting people from other cities, or hiring new graduates. This has been a major contributor to slower job creation, because there are simply fewer people to hire.

San Francisco County is in the middle of a construction boom. More than 4,700 homes were built in 2017, and almost $1.2 billion was invested into non-residential structures. Most of this activity was concentrated in apartments and condos, office buildings, and hotels. Construction also began on a new professional basketball arena, which has an estimated value of $780 million.
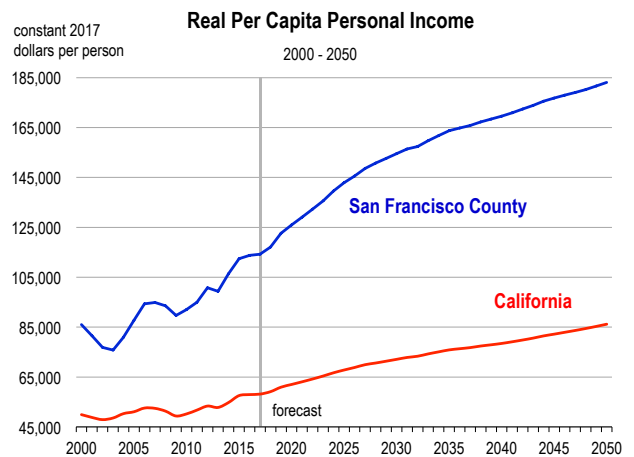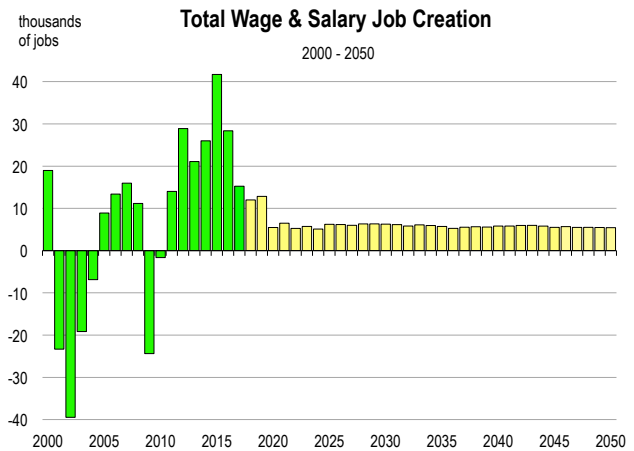
But despite the surge of new building activity, housing production is not keeping pace with population growth. Home prices are now 54 percent above their bubble-era peak, and housing affordability is becoming a major problem. In San Francisco County, households often spend more than 50 percent of their pre-tax income on mortgage payments and rent, whereas this figure is typically less than 25 percent across Inland California.

High home prices are reducing migration to San Francisco County. Population growth has decelerated, and is now similar to the statewide average. That said, people continue to move to the county for its high-paying jobs and unique lifestyle characteristics.

The San Francisco County technology sector continues to expand rapidly. Despite a drawdown in venture capital funding to technology companies, thousands of new jobs were created last year. The county now has 34,800 workers at software firms, 14,600 workers at Internet publishing and search companies, 9,900 workers in data services and hosting companies, and another 9,900 workers at computer systems design firms.

## FORECAST HIGHLIGHTS

- Total employment will rise by 1.7 percent in 2018. From 2018 to 2023, growth is expected to average 1.0 percent per year.

- From 2018 to 2023, the principal engine of employment growth will be professional services, which will account for half of net job creation in the county. Strong growth will also be observed in leisure services, education and healthcare, and government.

- Average salaries are currently well above the California state average, and will remain so over the foreseeable future. In San Francisco County, inflation-adjusted salaries are expected to rise

**Total Wage & Salary Job Creation**
thousands of jobs
2000 - 2050



**Real Per Capita Personal Income**
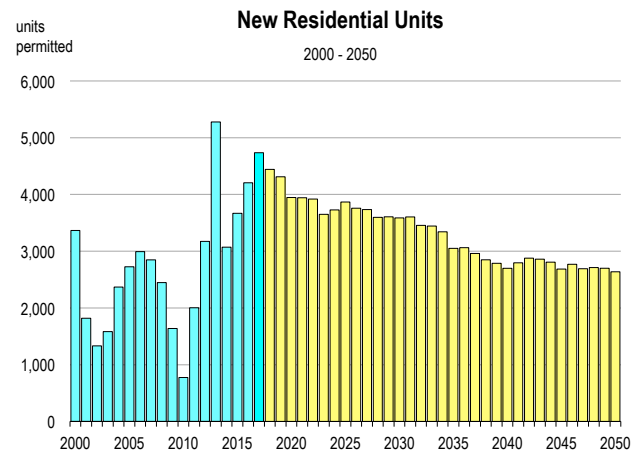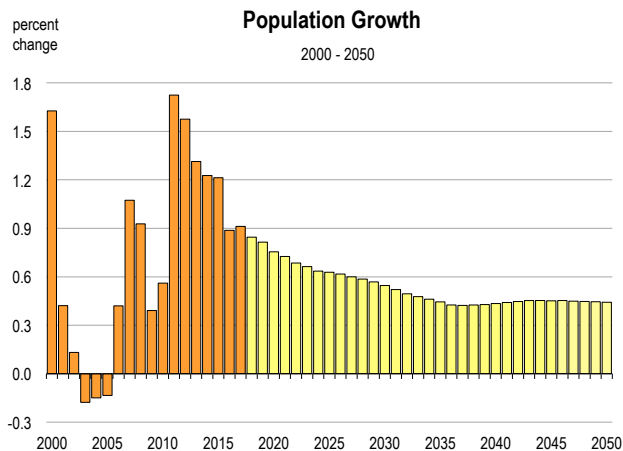constant 2017 dollars per person
2000 - 2050



by an average of 2.4 percent per year between 2018 and 2023, which will be faster than statewide growth.

- Real per capita income is expected to increase at a rate of 3.0 percent per year, surpassing $135,000 by 2023.

- The population is expected to increase by 0.7 percent per year from 2018 to 2023, which will be similar to the statewide average. Approximately 3,800 net migrants will enter the county each year, accounting for more than half of all population growth.

- Between 2018 and 2023, an average of 4,000 new housing permits will be issued each year. Many of these units will be located at Hunters Point, near Lake Merced, and on Treasure Island. Each of these neighborhoods have large housing developments that will generate thousands of homes.

- Billions of dollars will be invested into new non-residential structures. Development will be heavily concentrated in office buildings, retail structures, and hotels.

# San Francisco County Economic Forecast
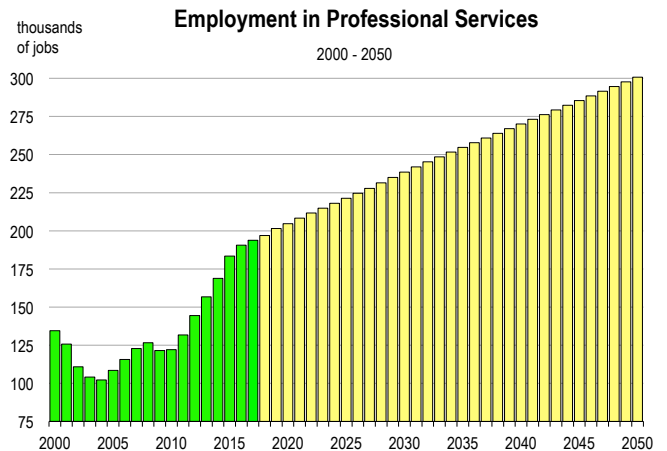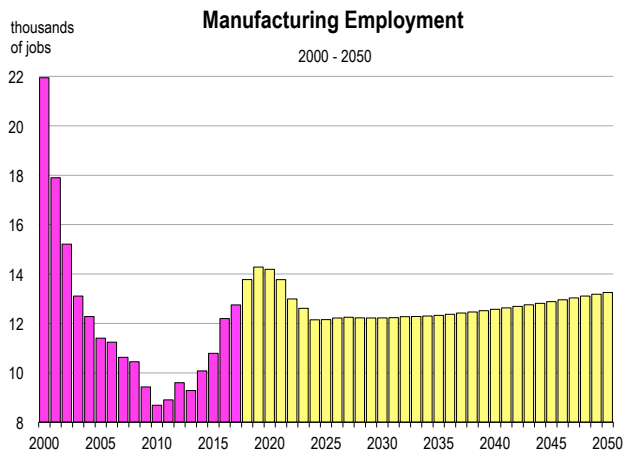## 2010-2017 History, 2018-2050 Forecast

| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (billions) | Unemploy- ment Rate (percent) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | 806,292 | 1,405 | 470 | 345.2 | 774 | $13.4 | $61.3 | $92,040 | 1.3 | 0.9 | 3.8 | 8.9 |
| 2011 | 820,194 | 10,732 | 466 | 346.3 | 2,002 | $14.9 | $66.1 | $94,974 | 2.7 | 1.1 | 3.7 | 8.1 |
| 2012 | 833,120 | 9,675 | 471 | 347.7 | 3,175 | $16.0 | $73.1 | $100,759 | 2.7 | 1.2 | 3.8 | 6.8 |
| 2013 | 844,066 | 7,600 | 485 | 350.3 | 5,277 | $17.1 | $74.7 | $99,337 | 2.3 | 1.9 | 4.1 | 5.5 |
| 2014 | 854,421 | 6,870 | 490 | 352.9 | 3,070 | $18.5 | $83.3 | $106,465 | 2.8 | 0.9 | 4.3 | 4.4 |
| 2015 | 864,783 | 6,874 | 494 | 356.6 | 3,670 | $18.9 | $91.4 | $112,429 | 2.6 | 0.3 | 4.8 | 4.4 |
| 2016 | 872,463 | 4,388 | 500 | 358.8 | 4,207 | $19.4 | $96.2 | $113,767 | 3.1 | 0.3 | 5.5 | 3.3 |
| 2017 | 880,418 | 4,709 | 497 | 362.5 | 4,736 | $19.2 | $100.5 | $114,181 | 3.2 | 0.3 | 5.9 | 2.9 |
| 2018 | 887,860 | 4,300 | 500 | 364.4 | 4,442 | $20.5 | $107.8 | $117,080 | 3.7 | 0.3 | 6.4 | 2.8 |
| 2019 | 895,091 | 4,182 | 504 | 367.0 | 4,312 | $21.6 | $117.4 | $122,631 | 3.1 | 0.4 | 6.6 | 2.6 |
| 2020 | 901,845 | 3,818 | 506 | 369.4 | 3,947 | $23.0 | $126.5 | $125,985 | 4.1 | 0.4 | 6.6 | 2.9 |
| 2021 | 908,390 | 3,748 | 507 | 371.7 | 3,942 | $24.2 | $135.2 | $129,074 | 3.6 | 0.4 | 6.6 | 2.9 |
| 2022 | 914,614 | 3,564 | 509 | 373.9 | 3,919 | $25.4 | $144.4 | $132,297 | 3.5 | 0.4 | 6.5 | 3.0 |
| 2023 | 920,679 | 3,540 | 510 | 376.2 | 3,650 | $26.6 | $154.1 | $135,598 | 3.4 | 0.5 | 6.5 | 3.1 |
| 2024 | 926,526 | 3,461 | 511 | 378.2 | 3,728 | $27.9 | $164.8 | $139,520 | 3.3 | 0.5 | 6.5 | 3.2 |
| 2025 | 932,345 | 3,571 | 512 | 380.4 | 3,867 | $29.2 | $175.1 | $142,888 | 3.1 | 0.5 | 6.6 | 3.2 |
| 2026 | 938,098 | 3,626 | 514 | 382.6 | 3,758 | $30.5 | $185.0 | $145,561 | 3.1 | 0.5 | 6.7 | 3.2 |
| 2027 | 943,724 | 3,635 | 515 | 384.7 | 3,734 | $31.8 | $195.7 | $148,634 | 3.0 | 0.5 | 6.9 | 3.3 |
| 2028 | 949,252 | 3,680 | 516 | 386.8 | 3,597 | $33.2 | $206.2 | $150,758 | 3.3 | 0.5 | 7.0 | 3.3 |
| 2029 | 954,647 | 3,705 | 517 | 388.9 | 3,606 | $34.5 | $216.5 | $152,639 | 3.1 | 0.5 | 7.2 | 3.3 |
| 2030 | 959,858 | 3,710 | 518 | 390.9 | 3,587 | $35.9 | $226.9 | $154,504 | 3.0 | 0.5 | 7.3 | 3.3 |
| 2031 | 964,859 | 3,696 | 520 | 393.0 | 3,604 | $37.2 | $237.5 | $156,351 | 2.9 | 0.5 | 7.5 | 3.3 |
| 2032 | 969,631 | 3,645 | 521 | 395.0 | 3,456 | $38.6 | $247.6 | $157,370 | 3.1 | 0.5 | 7.7 | 3.3 |
| 2033 | 974,257 | 3,654 | 522 | 397.0 | 3,444 | $40.0 | $259.3 | $159,673 | 2.7 | 0.5 | 7.9 | 3.3 |
| 2034 | 978,752 | 3,638 | 524 | 399.0 | 3,342 | $41.5 | $271.6 | $161,758 | 2.9 | 0.5 | 8.1 | 3.3 |
| 2035 | 983,105 | 3,600 | 525 | 400.9 | 3,051 | $43.1 | $284.4 | $163,730 | 3.0 | 0.5 | 8.3 | 3.3 |
| 2036 | 987,289 | 3,520 | 526 | 402.6 | 3,063 | $44.8 | $297.2 | $164,818 | 3.4 | 0.5 | 8.5 | 3.3 |
| 2037 | 991,464 | 3,511 | 527 | 404.3 | 2,961 | $46.6 | $310.6 | $165,803 | 3.5 | 0.5 | 8.7 | 3.3 |
| 2038 | 995,682 | 3,523 | 528 | 406.0 | 2,849 | $48.4 | $325.0 | $167,272 | 3.3 | 0.5 | 8.9 | 3.3 |
| 2039 | 999,944 | 3,518 | 529 | 407.6 | 2,787 | $50.3 | $340.0 | $168,386 | 3.5 | 0.5 | 9.2 | 3.3 |
| 2040 | 1,004,288 | 3,545 | 530 | 409.2 | 2,699 | $52.3 | $355.4 | $169,524 | 3.4 | 0.5 | 9.4 | 3.3 |
| 2041 | 1,008,716 | 3,561 | 532 | 410.8 | 2,796 | $54.3 | $371.4 | $170,911 | 3.2 | 0.5 | 9.7 | 3.3 |
| 2042 | 1,013,223 | 3,586 | 533 | 412.4 | 2,878 | $56.4 | $387.9 | $172,396 | 3.1 | 0.5 | 9.9 | 3.2 |
| 2043 | 1,017,811 | 3,601 | 534 | 414.0 | 2,860 | $58.4 | $404.8 | $173,890 | 3.0 | 0.5 | 10.2 | 3.2 |
| 2044 | 1,022,423 | 3,586 | 535 | 415.6 | 2,807 | $60.5 | $422.1 | $175,602 | 2.8 | 0.5 | 10.4 | 3.2 |
| 2045 | 1,027,037 | 3,537 | 536 | 417.2 | 2,686 | $62.7 | $439.7 | $176,775 | 3.0 | 0.5 | 10.7 | 3.2 |
| 2046 | 1,031,690 | 3,534 | 537 | 418.8 | 2,770 | $64.8 | $457.5 | $177,936 | 2.9 | 0.5 | 10.9 | 3.2 |
| 2047 | 1,036,324 | 3,508 | 538 | 420.3 | 2,691 | $67.1 | $475.8 | $179,050 | 2.9 | 0.5 | 11.2 | 3.2 |
| 2048 | 1,040,960 | 3,494 | 538 | 421.9 | 2,712 | $69.4 | $495.1 | $180,251 | 2.9 | 0.5 | 11.4 | 3.2 |
| 2049 | 1,045,598 | 3,483 | 539 | 423.4 | 2,700 | $71.8 | $515.5 | $181,608 | 2.9 | 0.5 | 11.7 | 3.2 |
| 2050 | 1,050,224 | 3,471 | 539 | 424.9 | 2,638 | $74.3 | $537.2 | $183,100 | 2.9 | 0.5 | 11.9 | 3.2 |



**Population Growth**
2000 - 2050



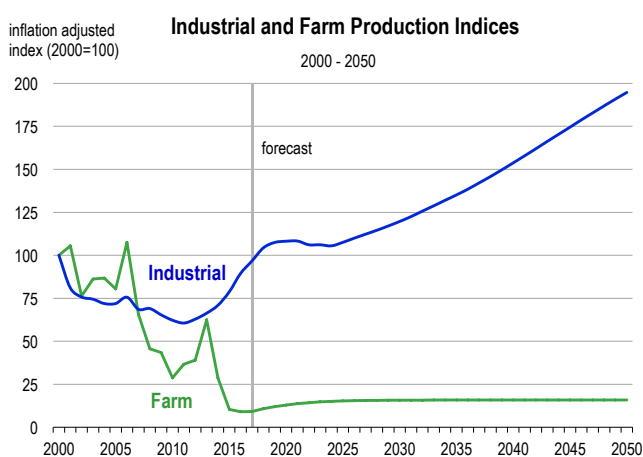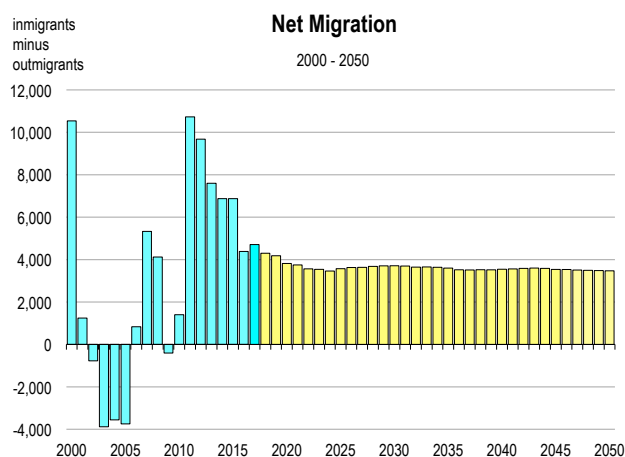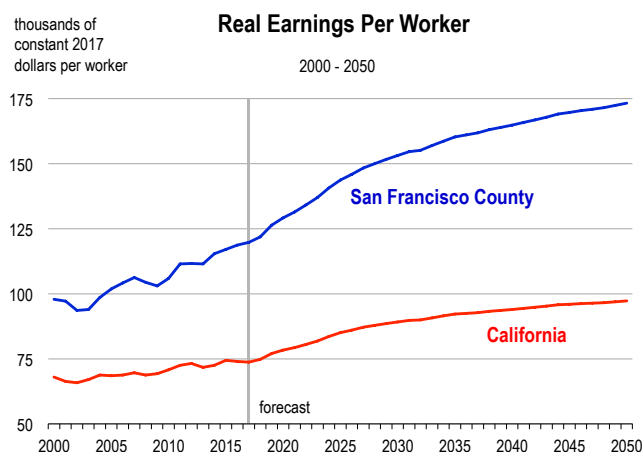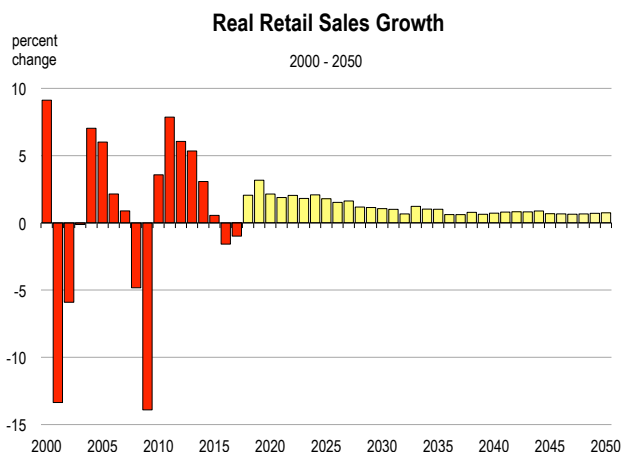**New Residential Units**
2000 - 2050

# San Francisco County Employment Forecast
## 2010-2017 History, 2018-2050 Forecast

| | Total Wage & Salary | Farm | Construction | Manufac-turing | Transportation & Utilities | Wholesale & Retail Trade | Financial Activities | Professional Services | Information | Health & Education | Leisure | Government |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ------------------------------------------------------------------------------------------employment (thousands of jobs)-------------------------------------------------------------------------------------------- | | | | | | | | | | | |
| 2010 | 543.6 | 0.25 | 14.3 | 8.7 | 10.9 | 50.8 | 48.4 | 122.1 | 19.5 | 80.4 | 76.8 | 90.0 |
| 2011 | 557.6 | 0.18 | 13.9 | 8.9 | 10.8 | 51.6 | 47.0 | 131.7 | 22.7 | 79.6 | 79.5 | 89.8 |
| 2012 | 586.5 | 0.13 | 15.0 | 9.6 | 10.9 | 54.4 | 47.8 | 144.5 | 25.5 | 81.9 | 84.7 | 89.2 |
| 2013 | 607.6 | 0.14 | 15.9 | 9.3 | 11.6 | 57.0 | 49.3 | 156.8 | 25.7 | 82.8 | 86.2 | 88.4 |
| 2014 | 633.6 | 0.15 | 16.9 | 10.1 | 11.9 | 58.8 | 50.2 | 168.8 | 28.3 | 83.0 | 90.2 | 89.5 |
| 2015 | 675.3 | 0.16 | 18.6 | 10.8 | 13.9 | 61.7 | 53.6 | 183.4 | 35.2 | 85.7 | 93.9 | 92.1 |
| 2016 | 703.7 | 0.13 | 20.4 | 12.2 | 16.2 | 62.6 | 56.1 | 190.6 | 39.0 | 87.7 | 97.3 | 94.3 |
| 2017 | 718.9 | 0.12 | 20.9 | 12.8 | 17.6 | 63.4 | 56.5 | 193.8 | 42.2 | 90.1 | 98.0 | 96.3 |
| 2018 | 730.9 | 0.13 | 21.5 | 13.8 | 18.3 | 64.4 | 57.2 | 196.9 | 43.4 | 91.0 | 100.4 | 96.1 |
| 2019 | 743.8 | 0.14 | 21.6 | 14.3 | 18.9 | 65.5 | 57.8 | 201.5 | 44.3 | 92.1 | 102.1 | 97.5 |
| 2020 | 749.3 | 0.14 | 21.3 | 14.2 | 18.9 | 66.1 | 57.4 | 204.7 | 45.0 | 92.7 | 102.3 | 98.2 |
| 2021 | 755.7 | 0.14 | 21.1 | 13.8 | 18.8 | 66.5 | 57.4 | 208.3 | 45.5 | 93.4 | 103.4 | 98.9 |
| 2022 | 761.0 | 0.14 | 20.9 | 13.0 | 18.4 | 66.9 | 57.2 | 211.7 | 45.9 | 94.0 | 104.6 | 99.6 |
| 2023 | 766.7 | 0.14 | 20.7 | 12.6 | 18.2 | 67.3 | 57.2 | 214.9 | 46.3 | 94.6 | 105.8 | 100.3 |
| 2024 | 771.8 | 0.14 | 20.2 | 12.1 | 18.0 | 67.8 | 57.1 | 218.1 | 46.8 | 95.2 | 106.5 | 101.2 |
| 2025 | 778.1 | 0.14 | 19.9 | 12.2 | 18.0 | 68.2 | 57.2 | 221.4 | 47.3 | 95.8 | 106.8 | 102.2 |
| 2026 | 784.3 | 0.14 | 19.7 | 12.2 | 18.0 | 68.6 | 57.4 | 224.6 | 47.9 | 96.4 | 107.2 | 102.9 |
| 2027 | 790.3 | 0.14 | 19.6 | 12.2 | 18.0 | 69.1 | 57.4 | 227.8 | 48.3 | 97.0 | 107.6 | 103.6 |
| 2028 | 796.6 | 0.14 | 19.5 | 12.2 | 18.1 | 69.4 | 57.6 | 231.5 | 48.7 | 97.8 | 107.9 | 104.1 |
| 2029 | 802.9 | 0.14 | 19.4 | 12.2 | 18.2 | 69.8 | 57.7 | 235.0 | 49.1 | 98.6 | 108.5 | 104.4 |
| 2030 | 809.2 | 0.14 | 19.2 | 12.2 | 18.3 | 70.1 | 57.9 | 238.5 | 49.4 | 99.4 | 109.2 | 104.7 |
| 2031 | 815.3 | 0.14 | 19.0 | 12.2 | 18.4 | 70.4 | 58.0 | 241.9 | 49.8 | 100.3 | 109.9 | 104.9 |
| 2032 | 821.2 | 0.14 | 18.7 | 12.3 | 18.6 | 70.7 | 58.1 | 245.3 | 50.2 | 101.1 | 110.5 | 105.0 |
| 2033 | 827.3 | 0.14 | 18.4 | 12.3 | 18.7 | 71.1 | 58.3 | 248.5 | 50.5 | 101.9 | 111.4 | 105.2 |
| 2034 | 833.2 | 0.14 | 18.3 | 12.3 | 18.9 | 71.5 | 58.4 | 251.7 | 50.9 | 102.6 | 112.1 | 105.4 |
| 2035 | 838.9 | 0.14 | 18.1 | 12.3 | 19.0 | 71.8 | 58.5 | 254.7 | 51.3 | 103.4 | 112.9 | 105.6 |
| 2036 | 844.2 | 0.14 | 17.7 | 12.4 | 19.1 | 72.0 | 58.6 | 257.8 | 51.6 | 104.2 | 113.5 | 105.7 |
| 2037 | 849.8 | 0.14 | 17.3 | 12.4 | 19.2 | 72.3 | 58.8 | 260.9 | 52.0 | 104.9 | 114.3 | 105.8 |
| 2038 | 855.4 | 0.14 | 17.0 | 12.5 | 19.4 | 72.5 | 58.9 | 263.9 | 52.4 | 105.7 | 115.2 | 106.0 |
| 2039 | 861.0 | 0.14 | 16.7 | 12.5 | 19.6 | 72.8 | 59.0 | 267.0 | 52.8 | 106.4 | 115.9 | 106.1 |
| 2040 | 866.8 | 0.14 | 16.6 | 12.6 | 19.8 | 73.1 | 59.1 | 270.1 | 53.1 | 107.2 | 116.8 | 106.1 |
| 2041 | 872.6 | 0.14 | 16.4 | 12.6 | 19.9 | 73.4 | 59.3 | 273.1 | 53.5 | 107.9 | 117.6 | 106.3 |
| 2042 | 878.6 | 0.14 | 16.4 | 12.7 | 20.0 | 73.6 | 59.4 | 276.2 | 53.9 | 108.6 | 118.5 | 106.4 |
| 2043 | 884.6 | 0.14 | 16.4 | 12.8 | 20.2 | 73.9 | 59.5 | 279.3 | 54.2 | 109.3 | 119.4 | 106.5 |
| 2044 | 890.4 | 0.14 | 16.4 | 12.8 | 20.3 | 74.2 | 59.6 | 282.3 | 54.6 | 110.0 | 120.3 | 106.6 |
| 2045 | 895.9 | 0.14 | 16.3 | 12.9 | 20.3 | 74.4 | 59.7 | 285.4 | 55.0 | 110.7 | 121.1 | 106.6 |
| 2046 | 901.6 | 0.14 | 16.3 | 13.0 | 20.4 | 74.6 | 59.9 | 288.5 | 55.3 | 111.4 | 121.9 | 106.6 |
| 2047 | 907.1 | 0.14 | 16.3 | 13.0 | 20.3 | 74.7 | 60.0 | 291.6 | 55.7 | 112.1 | 122.8 | 106.6 |
| 2048 | 912.6 | 0.14 | 16.3 | 13.1 | 20.3 | 74.9 | 60.1 | 294.6 | 56.1 | 112.8 | 123.7 | 106.6 |
| 2049 | 918.1 | 0.14 | 16.2 | 13.2 | 20.2 | 75.0 | 60.2 | 297.7 | 56.4 | 113.5 | 124.6 | 106.7 |
| 2050 | 923.5 | 0.14 | 16.1 | 13.3 | 20.1 | 75.2 | 60.3 | 300.8 | 56.8 | 114.2 | 125.4 | 106.7 |

thousands of jobs

### Manufacturing Employment
2000 - 2050



thousands of jobs

### Employment in Professional Services
2000 - 2050

## Real Retail Sales Growth

percent change

2000 - 2050



## Real Earnings Per Worker

thousands of constant 2017 dollars per worker

2000 - 2050



San Francisco County

California

forecast

## Net Migration

inmigrants minus outmigrants

2000 - 2050



## Industrial and Farm Production Indices

inflation adjusted index (2000=100)

2000 - 2050



forecast

Industrial

Farm

# County Economic and Demographic Indicators

## Projected Economic Growth (2018-2023)

| | |
|---|---|
| Expected retail sales growth: | 11.5% |
| Expected job growth: | 4.9% |
| Fastest growing jobs sector: | Professional Services |
| Expected personal income growth: | 20.1% |

| | |
|---|---|
| Expected population growth: | 3.7% |
| Net migration to account for: | 57.4% |
| Expected growth in number of vehicles: | 1.9% |

## Demographics (2018)

| | |
|---|---|
| Unemployment rate (April 2018): | 2.1% |
| County rank* in California (58 counties): | 2nd |
| Working age (16-64) population: | 71.7% |

| | |
|---|---|
| Population with B.A. or higher: | 54.7% |
| Median home selling price (2017): | $1,200,000 |
| Median household income: | $102,177 |

## Quality of Life

| | |
|---|---|
| Violent crime rate (2016): | 709 per 100,000 persons |
| County rank* in California (58 counties): | 55th |
| Average commute time to work (2018): | 37 minutes |

| | |
|---|---|
| High School drop out rate (2017): | 9.4% |
| Households at/below poverty line (2018): | 7.5% |

* The county ranked 1st corresponds to the lowest rate in California